



North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and Substance Abuse Services
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Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

Michael Moseley, Director

December 14, 2004

MEMORANDUM

TO: Area Directors
FROM: Mike Moseley
RE: Corporate Practice of Medicine

As mental health reform has progressed and divestiture of services continues to occur, the possibility of physicians contracting with large companies has become an option in some community settings. Physicians have inquired as to the legality of working for these companies, citing a possible conflict with the prohibition against the corporate practice of medicine.

The Division has responded to these questions by asking for the assistance of the Attorney General's Office. Our attorney in the Attorney General's office saw this as a medical licensing issue and as a result, arranged a meeting with the legal department of the North Carolina Medical Board. The Division Medical Director, the Medical Director of the Medical Board, and attorneys from the Attorney General's office, the North Carolina Medical Board, and the North Carolina Psychiatric Association attended the meeting.

It was the unanimous determination of the attendees that physicians who worked for an LME contractor would not be seen to be violating the rules of the Medical Board against the corporate practice of medicine. The Medical Board Attorneys were comfortable with this position, given the oversight provided by the governmental agencies (LMEs, DMH, and DHHS), rights of appeal enjoyed by consumers as provided under state and federal rules, and the clear intent of the General Assembly to move toward divestiture.

The Medical Board's primary concern is to ensure that physicians will continue to practice medicine based on their independent clinical judgment and in the best interest of their patients. It was felt the physicians' primary responsibility would remain to their patients and to the ethics of their medical profession. As long as LMEs and the Division continue to be cognizant of this legitimate concern of the medical Board, the Board will continue to view these contracts as legitimate extensions of a governmental system of public mental health care, rather than as a conflict with the prohibition against the corporate practice of medicine.

cc: Secretary Carmen Hooker Odom	MH Commission Chairman
Lanier Cansler	State CFAC Chair
Executive Leadership Committee	Coalition Chair
Carol Duncan Clayton	State Facility Directors
Patrice Roesler	
Dick Oliver	
Kaye Holder	

